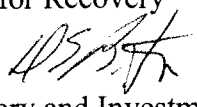


June 17, 2009

## MANAGEMENT DIRECTIVE # 5

TO: Senior Management Team for Recovery

FROM: Dempsey Benton, Director   
Office of Economic Recovery and Investment

SUBJECT: Reporting allegations of Fraud, Waste and Abuse of ARRA funds

### **OERI Policy**

Part of the mission of the Office of Economic Recovery and Investment (OERI) is to ensure transparency, accountability and efficiency in North Carolina's handling of federal stimulus funds under the American Recovery and Reinvestment Act (ARRA). It is OERI's policy to prevent fraud, waste and abuse in the use of these ARRA funds. Section 1553(a) of the ARRA provides protection for employees who report information that they reasonably believe is evidence of:

- (1) gross mismanagement of an agency contract or grant relating to covered funds\*;
- (2) a gross waste of covered funds;
- (3) a substantial and specific danger to public health or safety related to the implementation or use of covered funds;
- (4) an abuse of authority related to the implementation or use of covered funds; or
- (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) or grant, awarded or issued relating to covered funds.

\*covered funds: "any contract, grant, or other payment received by any non-Federal employer if—(A) the Federal Government provides any portion of the money or property that is provided, requested, or demanded; and (B) at least some of the funds are appropriated or otherwise made available by this Act." 1553(g)(2).

### **OERI Process for Receiving Allegations of Fraud, Waste and Abuse**

OERI developed a web-based mechanism for reporting allegations of fraud, waste and abuse so that any member of the public can report these allegations to OERI. The mechanism is available on the OERI website [www.ncrecovery.gov](http://www.ncrecovery.gov). OERI is also equipped to field allegations of fraud, waste and abuse by telephone. Attachment 1 to this directive is the intake form OERI completes upon receipt of a call.

Any non-federal employee working on projects funded in whole or part by ARRA funds is protected by the whistleblower provision in the ARRA when they report allegations of

fraud, waste and abuse. The whistleblower provision protects employees who report allegations of fraud, waste and abuse from any reprisal or act of discrimination by their employers as retribution for making the report.

When an employee discloses to OERI activities protected by the ARRA whistleblower provision, OERI will contact and work with the contracting state agency to ensure compliance with any and all provisions of the ARRA, state and federal laws and OERI directives and mandated contract provisions.

When an employee discloses to OERI activities protected by the ARRA whistleblower provision accompanied by an allegation of a reprisal, the person disclosing may submit a complaint to the appropriate inspector general for the investigation process outlined in ARRA Section 1553(b).

#### **Agency Responsibility**

Any non-federal employer receiving covered funds, including a state agency, is required by the appropriate inspector general to post notice of the rights and remedies provided under Section 1553 of the ARRA.

If a state agency receives an allegation of fraud, waste and abuse involving the use of ARRA funds, please send written notice of the complaint to OERI using the web-based reporting mechanism or by mail. Included in the notice should be the nature of the allegation and either steps the contracting agency is undertaking to resolve the complaint or information supporting that the complaint was resolved.

If the allegation of fraud, waste and abuse reported to a state agency is accompanied by an allegation of a reprisal, the person reporting may submit a complaint to the appropriate inspector general for the investigation process outlined in ARRA Section 1553(b).

Date: \_\_\_\_\_  
OERI: \_\_\_\_\_

FWA- \_\_\_\_\_

Intake Form for Reporting Fraud, Waste and Abuse of Recovery Funds

Please complete the form below with as much detail as possible whenever you receive a call alleging fraud, waste and abuse or claiming a whistleblower action.

1. Name of person reporting fraud, waste and abuse and contact information:

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2. Agency/Employer of person reporting:

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3. Allegation:

- a. Nature of the allegation:

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- b. Anyone else to whom allegation was reported other than OERI:

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- c. Is he/she alleging any discrimination for reporting fraud, waste and abuse:

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- d. Agency/employer/individual against whom the allegation is made:

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- e. Project using recovery funds where fraud, waste and abuse occurred and state agency administering ARRA funds for the project:

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Please retain original in notebook and route a copy to Liz Riley [liz.riley@nc.gov](mailto:liz.riley@nc.gov) immediately upon completion.